Chilton's

AUTOMOTIVE MARKETING

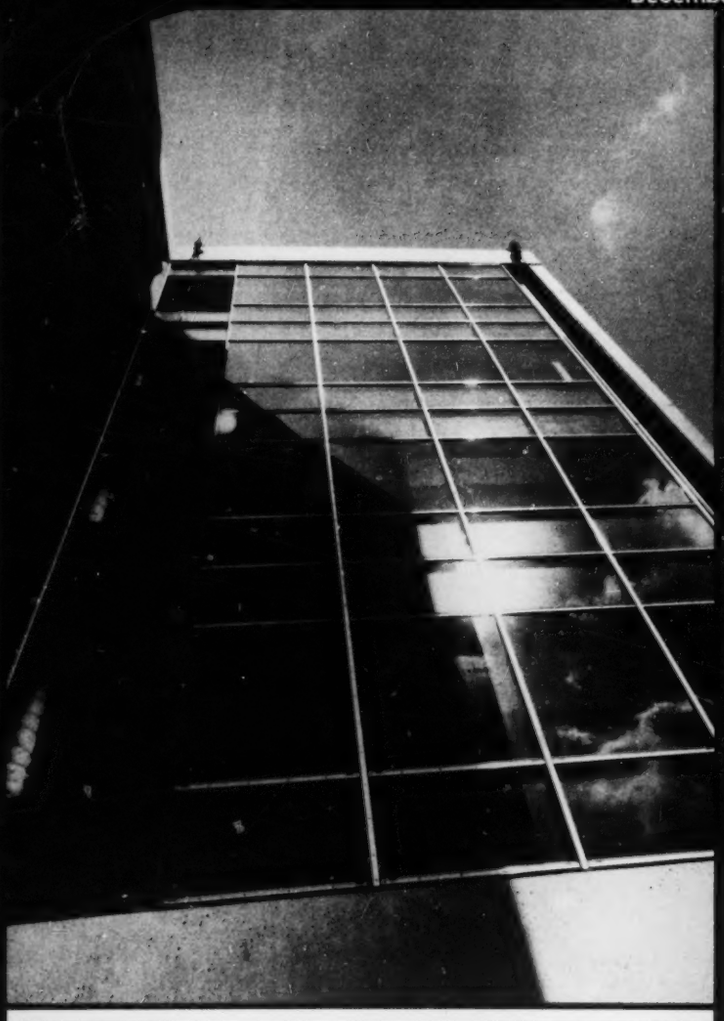
The Marketing/Business Magazine for the Retail Aftermarket

DECEMBER 1986

ANNUAL CORPORATE PROFILES ISSUE

a Chilton publication

December Issue/Volume 15, Number 13



Chilton

FEATURES

Corporate Profiles 14
A look at who makes what products and how they bring those products into your store.

DEPARTMENTS

Editorial 3

The Automotive Marketing Index 5

Market Line 6

Products 72

Rep Guide 76

Reader Service Card 81

Permission to photocopy for internal use or the internal use of specific clients is granted by Chilton Company for libraries and other users registered with the Copyright Clearance Center (CCC) provided that the base fee of $1.00 per copy of the article, plus 25¢ per page is paid directly to the CCC, 21 Congress Street, Salem MA 01970. Special requests should be addressed to The Editor. (0193-3264/86 $1.00 + 25¢).

THE AUTOMOTIVE MARKETING INDEX

AMERICAN-BUILT CARS SOLD IN OCTOBER

Americans bought 5.8% more U.S.-built cars in October 1986 than in October 1985. But the growth was all in the beginning of the month. During the last ten days of October domestic sales actually fell 6.4%. But, there there were less cars produced in October than earlier months so sales have not lagged too badly behind production

Maker	October 1986	October 1985	% Change
American Honda	27,106	10,691	153.5%
American Motors	7,569	9,888	- 23.5
Chrysler	102,269	98,642	3.7
Ford	155,142	140,283	10.6
General Motors	328,735	325,572	1.0
Nissan	6,623	6,953	- 4.7
Volkswagen of America	5,372	6,370	-15.7
Total U.S. Industry	632,816	598,399	5.8

Sources: E.F. Hutton & Co., Motor Vehicle Manufacturers Association

1986 AFTERMARKET STOCK PRICES

The figures below are the high and low prices offered and paid for various retail chain, manufacturer, and distributor common stocks in different stock exchanges for the 52 week period prior to November 20. The securities exchange insider trading probes in November caused many prices to drop.

	Exchange	52-week High	52-week Low	11/20 Quote	P-E
Armor All	OTC	12 1/2	10 1/4	10 7/8	–
Cardis Corp.	AMEX	10	5 7/8	8 3/4	8
Champion Spark Plugs	NYSE	11 7/8	8 1/4	10 3/8	–
Crown Auto	OTC	4 1/4	3 1/4	3 1/4	–
Dana Corp.	NYSE	35 1/4	24 1/2	34 5/8	16
Duralcon	OTC	18	6 1/2	12 3/8	–
Echlin	NYSE	20 1/2	12	19	17
Genuine Parts	NYSE	48 3/4	31 1/8	43 1/8	19
Lucky Stores	NYSE	37 7/8	22 1/4	32 1/8	26
Parker Hannifin	NYSE	30 1/2	20 1/4	25 3/4	13
Penrzoil	NYSE	91	47 7/8	72 1/8	70
Pep Boys	NYSE	48 1/4	25 1/8	40	30
Perry Drugs	NYSE	20 7/8	12 1/8	12 5/8	15
Purolator	NYSE	28 1/4	15	24 3/8	–
Quaker State	NYSE	30	21 3/4	25 1/2	12
Republic Auto	OTC	10 1/4	6 5/8	7 5/8	–
Rite Aid	NYSE	35 1/2	23 1/4	28 1/4	17
Sealed Power	NYSE	31 1/4	23 1/8	26 3/4	12
Southland	NYSE	60 1/2	40	51 3/8	12
Standard Motor Parts	NYSE	20 1/8	11 1/2	18 1/4	14
TBC Corp.	OTC	14	8 3/4	11 3/8	20
Tenneco	NYSE	43 1/8	34 1/2	38 3/8	18
Trak Auto	OTC	18 3/4	10	17	121
Triad Systems	OTC	13 1/8	8 1/2	10 1/4	25

AFTERMARKET BUSINESS INDICATORS

	Unit/Base	Mo/Qr	Current Period	Prior Period	Year ago, Same Period	Low (81-86)	High (81-86)
Personal Income	billion	Aug.	$3,505.3	$3,492.6	$3,320.5	$403.8 (Jan 81)	$3,503.3 (Aug 86)
Personal Consumption Expenditures	billion	2Q	$2,730.1	$2,697.9	$2,576.0	328.5 (1Q 81)	2,730.1 (2Q 86)
Consumer Price Index	67 = 100	Aug	326.6	326.0	323.5	89.3 (May 61)	328.6 (Aug 86)

PRODUCT OF THE MONTH: GAS ADDITIVE

Drawing from the 1986 *Automotive Marketing Consumer Automotive Repair Study*, we look at the individuals who purchased and installed a gas additive during a 12-month period.

			Age					Income				Hours Per Month Spent On DIY				Number Of Cars Responsible For		
Total	Male	Female	-25	25-34	35-44	45-54	55+	-$20K	$20-30K	$30-40K	40K	-1 hr	1-5 Hrs	6-10 Hrs	11+ Hrs	1	2	3 or More
100.0%	76.2%	23.8%	25.4%	36.0%	15.6%	8.8%	13.0%	39.6%	23.0%	18.5%	13.6%	5.1%	61.0%	21.3%	11.6%	42.1%	33.8%	24.2%

VHT®
AutoMagic Sales!

Poly-Urethane Engine Enamel
Protects engines against strong solvents and additivies found in gasoline. Highly durable and available in wide variety of colors. For both Cars and Trucks.

1350°F Flame-Proof Coating
Originally developed for aerospace and presently used on the Space Shuttle, this unique coating has countless applications which require high temperature performance.

CONTACT:
SPEREX CORPORATION
16131 SO. MAPLE AVE. GARDENA, CA. 90248
213/323-6162 • TELEX194567

(Circle 6 on Product Information Card)

MARKET LINE

Will Japan Win, U.S. Lose? Why MOSS Talks Matter

About 19% of the cars on the road are Japanese made, and the percentage will continue to increase in coming years. Retailers will have to offer longer lines of parts for Japanese vehicles to satisfy these customers. But if present trends continue, and Japanese automakers get their way, retailers may find they will not be able to stock more than fast turn parts for Japanese vehicles, or at least be limited in where they can buy more complex parts for Japanese vehicles. So it's essential to American retailers that American suppliers sell to Japanese automakers. That's what the MOSS (Market Oriented, Sector Specific) talks hope to do, and why they concern both retailers and suppliers.

The talks began because of the almost $50 billion trade disparity between the U.S. and Japan, a good portion of which is in vehicles and auto parts.

American automakers sold about 1,500 cars in Japan last year, and American suppliers sold about $191 million worth of parts and accessories there, too (roughly 1% of the total Japanese OE and aftermarket).

This is a pittance compared to Japanese sales in the U.S. Japanese automakers sold 2.2 million cars and 768,000 trucks in the U.S. last year. The Automotive Parts and Accessories Association (APAA) puts the automotive parts trade deficit in 1985 at $5 billion (including $1.2 billion in parts sold to Japanese automakers in the U.S.).

Although the Motor & Equipment Manufacturers Association (MEMA) says the deficit is slightly lower, it is just as worried. Since 1981, according to MEMA data, Japanese parts exports to the U.S. have increased by $1.6 *billion*, while U.S. exports to Japan have increased by only $84.6 *million* in the same period.

MEMA also says that American motor vehicle parts and accessories employment has fallen by some 95,000 people over the past eight years, mainly due to the parts trade deficit. In 1978, total employment stood at 476,000; in 1986, the forecast estimates 381,000.

If you include jobs with the automakers in Detroit, the body count is even worse. The United Auto Workers figures that more than 160,000 American auto jobs have disappeared since 1978.

Although the situation is acute for the auto industry, it's just as bad in other American industries. The MOSS talks were arranged in 1985 by President Reagan and Prime Minister Nakasone to find ways to diminish the trade deficit.

Led by the U.S Department of Commerce, the U.S. team includes the Office of U.S. Trade Representative, and the Departments of State, Justice, and Labor. The Japanese delegation is headed by the Ministry of International Trade and Industry, and includes the Ministries of Foreign Affairs and Transport.

By the time this issue reaches our readers, round three of the auto parts segment MOSS Talks will be underway in Tokyo. Supported by both APAA and MEMA,

JAPANESE CAR MAKERS IN NORTH AMERICA

So far, seven Japanese automakers have opened or are building plants in the U.S. The Motor Equipment Manufacturers Association (MEMA) expects an eventual total of ten with a capacity of 2.1 million vehicles per year. There are also four Asian automakers building plants in Canada. All the plants will be on line by 1989.

PLANTS NOW OPEN IN U.S.

Honda Accords, Civics	Marysville, OH 360,000
Nissan Sentras, light trucks	Smyrna, TN 240,000
NUMMI (GM/Toyota) Novas	Fremont, CA 240,000

PLANTS BUILDING IN U.S.

Diamond Star Motors (Chrysler/Mitsubishi) New small car	Bloomington, IL 240,000
Fuji (Subaru/Isuzu)	Undecided
Mazda/Ford Mazda 626, Ford	Flat Rock, MI 240,000
Toyota 2.0 liter models	Georgetown, KY 200,000

PLANTS BUILDING IN CANADA

Honda Accords	Allison, Ontario 200,000
Hyundai Excel	Bromont, Quebec 140,000
Suzuki/GM New small car	Ingersoll, Ontario 200,000
Toyota 1.6 liter models	Cambridge, Ontario 50,000

Sources: MEMA, MVMA, Wards, and *Automotive Industries*

the American team has two negotiating objectives in the MOSS talks:

- Remove structural impediments to U.S. suppliers selling to Japanese OE manufacturers.
- Ensure American suppliers access to the global aftermarket for Japanese cars.

"We have a one-year negotiating timetable to clear away market distorting trade practices and to begin opening opportunities for U.S. automotive product sales wherever Japan builds and sells cars," said APAA president Julian Morris, who is chairman of an auto parts industry task group advising U.S. negotiators.

"It means that retailers will have no access to certain parts."

If this sounds familiar, it should. The relationship of Japanese automakers and their suppliers has always been a close knit, family affair. American suppliers have tried to crack the Japanese market for some time with little success. Outsiders are not welcome in the Japanese market, American suppliers feel. They say it's a rigged game. "They must think we're chumps," one observer commented, "the way we deal with foreign trade."

APAA believes the MOSS talks have very serious implications for the American parts industry. "Left unchecked, Japanese automaker/supplier families could control 50% of the content of *all* cars sold in America by 1989," says an APAA statement on the MOSS talks.

"Domestic cars with high U.S. content are being displaced by transplanted Japanese auto production using less than 20% American content, and by direct imports with little, if any, U.S. product."

The move to America by Japanese automakers has made the situation worse. Right now, Honda and Nissan are building cars and light trucks in Ohio and Tennessee; Toyota and GM are building Novas in California, and four other Japanese companies will have plants operating here in the next two years. In addition, one Korean and three Japanese automakers will soon open plants just across the border in Canada.

Last year, Japanese plants in the U.S. produced 189,000 cars and 107,000 trucks. John Creamer, manager of international activities for MEMA, who's been tracking the Japanese plants, believes that by 1990 there will be ten Japanese automakers in America producing 2.1 million vehicles. "Looking at U.S. consumption being about level, who will these 2.1 million vehicles take sales away from?" Creamer asked.

Worse yet, for American suppliers, the Japanese are bringing many of their own suppliers with them, and plan to construct the same kind of familial relationship in the U.S. APAA has suggested that as many as 300 Japanese suppliers will eventually land in the U.S. However, Creamer suspects that figure came as a result of a report asking members of the Japanese Auto Parts Industries Association (the Japanese version of MEMA) how many companies would like to build plants in the U.S. "Of course, they all said yes," Creamer said. "It was like asking little kids how many want ice cream."

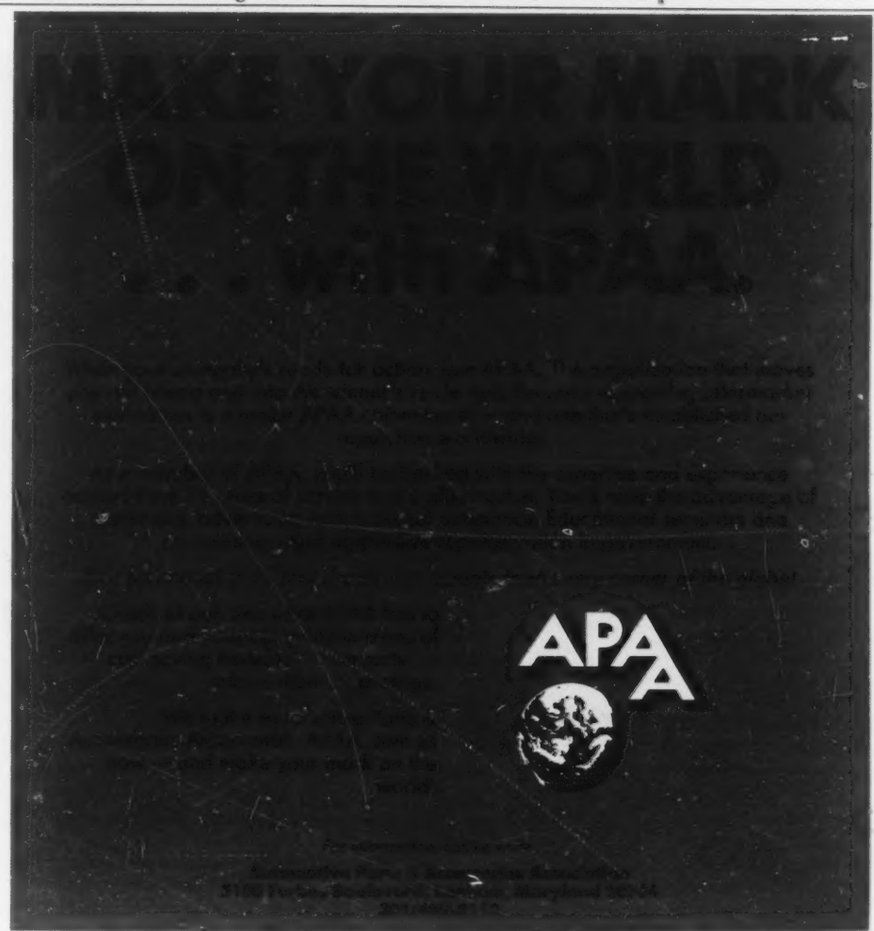
Still, Creamer says that 46 Japanese companies are already here and 60 others have some sore of facility in production. "We have a list of about 120-130 Japanese auto parts companies which will eventually build some sort of plant or distribution center."

At first, American suppliers welcomed the move to the U.S. by Japanese automakers, but it seems the Japanese also want to install the same closed shop system in the U.S. as now exists in Japan. Work at NUMMI (New United Motors Manufacturing Inc.), the Toyota-GM joint venture in Fremont, CA, supports this contention. Although the U.S. content is 50%, including labor, when it looked at materials alone, a Michigan Chamber of Commnerce study found that 1,450 parts came from Japan, and just 415 were American. The long term consequence is disastrous for the U.S. auto parts industry.

"They're going to set up a whole new industry side by side and will not buy from us," said Lee Kadrich, APAA's managing director of government affairs and international trade. "Our state governors are spending millions of dollars to attract the Japanese. They're taking domestic firms' tax dollars to subsidize their competitors. We feel state funds should be used for state industries. A new Japanese plant is not going to yield anything in the long run because it will take from existing plants."

APAA has most recently filed public comments urging the U.S. Department of Commerce Foreign Trade Zone Board to deny Scott County's (Kentucky) application for subzone status for Toyota's Georgetown plant. The particulars serve as a good example of what APAA is talking about.

A trade subzone allows manufacturers to pay import duties based on finished cars (2.6%) rather than the higher rates applied to imported parts (about 3-8% depending on the part). Toyota will save about $41 in costs per car with subzone



(Circle 7 on Product Information Card)

status.

"Since Japanese car companies traditionally buy components from Japanese suppliers, sales opportunities for U.S. suppliers will be limited to generic items such as glass, carpeting, and trim," said APAA president Julian Morris. "Any jobs brought to Kentucky will displace automaking and supplier jobs elsewhere in the U.S. If we accept the promised 50% domestic content level, which we think is higher than will be realized, the plant would replace only half of the jobs lost in U.S. plants displaced by the new Toyota plant. Rather than Toyota adding jobs, there appears to be a potential for the loss of 12,000 jobs."

APAA's position is simple: curb government assistance for Japanese suppliers, and carefully review foreign trade subzone grants.

And then there's Canada. As noted above, four Asian automakers are already building plants that will produce almost half a million cars. About half of these are aimed at the U.S. market. And, more companies will surely come because the Province of Ontario has a $30 million fund to encourage foreign plants in Ontario. "Ontario is almost willing to build the plant for them," Kadrich said. "We can't do anything with Japan without dealing with Canada." In light of the influx of Japanese OE plants, APAA calls for a reevaluation of the U.S.-Canada Autopact which allows duty-free access for OE shipments. Canadians naturally oppose duties. Trade talks with Canada will start next year.

"Left unchecked, Japanese automakers and supplier families could control 50% of the content of all cars sold in America by 1989."

The impact of these affairs on retailers is hard to quantify. But, as Kadrich pointed out, "It means that retailers will have no access to certain parts. Maybe half of aftermarket items for Japanese cars are made domestically. Mostly fast turn items. But there's virtually no manufacturers of hard engine parts, drivetrain parts, transmission parts, and the like. When you need a repair part, you have to go to the dealer. The end result will be retailers will be frozen out of deep parts. U.S. manufacturers have to be OE suppliers to Japanese so traditional distribution continues. In Japan, maybe 70-80% of aftermarket distributing is through dealer networks. It's a closed system. The real prize for Japanese suppliers is the U.S. aftermarket."

The presidents of the Japanese big three (Honda, Nissan, Toyota) all say they intend to aggressively pursue selling parts through their dealers in the U.S. as they do in Japan.

Creamer agreed. "The general argument is that anything that helps American manufacturers will help the retailer down the road. Will the Japanese get in the aftermarket? In Japan, you look to automakers for distribution. Here, parts makers drive the aftermarket. But in Japan, it's just the reverse. In Japan, it's car dealers that matter. There's not a retail aftermarket as we know it."

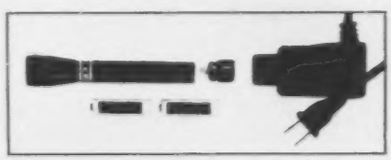
These are the problems, but what does the U.S. do about them? The MOSS talks involve the U.S. government urging the Japanese government to do something about the trade imbalance. Some suggestions on the current round of talks are for allowing voluntary certification of American parts by U.S. suppliers, and requesting Japanese vehicle makers to list acceptable non-OE replacement parts in their service manuals.

The response from the Japanese has not been overwhelming, according to participants, and there's a lot of suspicion they don't want to do anything. From

Slice the night

EXCALIBRE SERIES

Halogen Streamlights™



Rechargeable power you can put in your pocket

A scaled-down version of our popular professional lights, the Streamlight Jr.™ sports an argon gas bulb. Drop it into our new AC or DC Streamlight Jr. Charger and you've got a precision lighting system that's always ready.

Now there's a flashlight that's blinding bright and tough enough for a lifetime. The Excalibre Series from Streamlight—the innovators in hi-tech hand-held lighting.

A shell of virtually indestructible machined aircraft aluminum encases the brightest, best-engineered flashlights you've ever used. Each boasts a powerful halogen-cycle lamp within a computer designed reflector for incredible brilliance. They're up to 400% brighter than conventional lights. Streamlight is the choice of firefighters and police officers worldwide. Have that technology at hand in your car, boat, camper, cabin or home.

"C" or "D" cell-powered, all with adjustable beams and O-ring seals. Anodized finish in a range of colors and in camouflage. Rechargeables available.

Don't be left in the dark. Insist on Streamlight.

STREAMLIGHT, inc

SLICE THE NIGHT

1030 West Germantown Pike • Norristown, PA 19403 • (215) 631-0600 • 1-800-523-7488

(Circle 8 on Product Information Card)

their point of view, why should they? They have a thriving auto parts industry.

Still, APAA's Morris (who is chairman of a MOSS advisory task group) is "quite guardedly optimistic about results of the MOSS talks." The hope is that the Japanese are politically astute enough to realize that the talks must have some positive result. Otherwise, the U.S. government will be forced to act. "If nothing is done through MOSS," Creamer said, "Congress will do something eventually. They could jack up tariffs, or put on strict quotas. The fact the Democrats did well in the elections should make the Japanese nervous." Creamer noted the 25% tariff on light trucks did save the U.S. light truck industry.

Although it supports the MOSS talks (MEMA president Bill Raftery serves as an industry advisor), MEMA took a further step by opening an office in Tokyo. The Tokyo office will allow MEMA to work closer with its Japanese counterparts to give MEMA members better access to Japanese OE automakers.

So that's where we're at—right back where we started from. ■

PROFILE

The Pik.A.Nut System

The DIY customer will come in with the used automotive hardware product already in his hand," says Bill Chope, president of Pik.A.Nut Corp., Huntington, IN. "What he needs then is to identify the product itself and the size, length, thickness, and type of thread."

Chope makes the point that with automotive hardware, obviously a needed but certainly not a high turn or high ticket item, it's important for both consumer and retailer to have self-service products. "It's good for the retailer since it saves store personnel time, and it's reassuring for the customer," he said.

According to the Pik.A.Nut president, it's very important for retailers to be able to planogram as much product in as little space as possible because of the profit potential of hardware.

Pik.A.Nut, now with 30% of its business in retail, uses the same "one price" system it used when founded as Hunckler Products Inc. 26 years ago. The item count varies among the products. "We're also proud of our virtually resealable plastic packaging," he said, "because it lets the retailer sell a package that a consumer may have opened. And, because the consumer buying our product can use one piece and reseal the package so that the remaining pieces won't fall out and 'lose their identities'." ■

Market Changes: Bendix And Brake-Pro

We recently spoke with Marty Barrett, newly named vice president of Brake-Pro Systems, and Ron Miskelley, manager of Friction Products at the Allied Aftermarket Division, about changes at their companies.

Brake-Pro is a new name in the brake market, but Barrett is an old hand in it. Tenneco Automotive brought him over from Wagner when it decided to go into the brake market. "The size of the market alone got Tenneco interested," Barrett said. "The brake market's about $1.1 to $1.2 billion. There are many slow growth lines in automotive today, but brakes continue to grow. The increasing number of vehicles on the road, and the increase in miles driven help the market. We see 2-3% real growth annually."

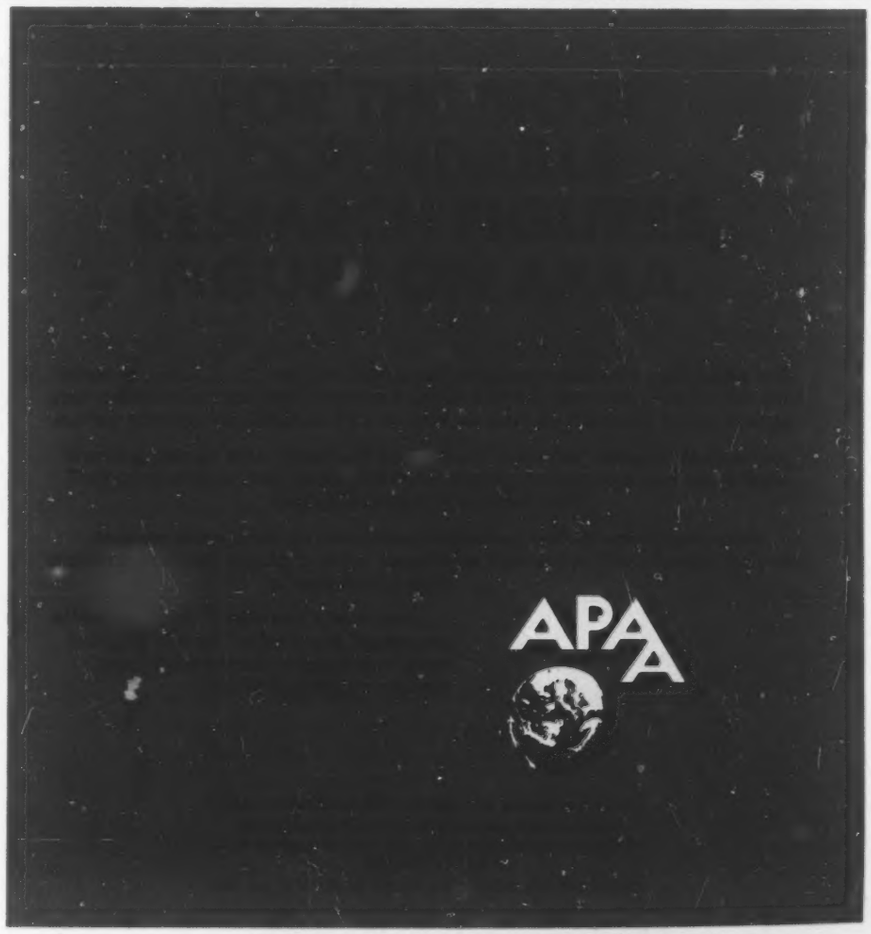
Another attraction, Barrett feels, is the lack of a dominant leader in the brake field, unlike how Monroe and Walker enjoy leadership in ride control and exhaust, respectively. At the consumer level, there's Bendix, which enjoys some brand awareness, while Wagner, EIS, and Raybestos are well known among professionals.

The brake market is primarily a service market. Estimates of DIY activity range from about 10% to 35%, depending on whom you ask and what kind of brake work you're talking about. This leaves the service side with a preponderance of the work. Based on several estimates, we think it breaks out like this:

• Garages	29%
• Gas stations	24%
• Car dealers	19%
• Tire stores	11%
• Specialty shops	8%
• Mass merchandisers	6%
• Auto chain Stores	3%

As Barrett said, "It's a complicated market and it's getting more so." However, the one specialty segment that's growing is the specialty installer. This means primarily Midas, Meineke, and Speedy, all of which began as specialty exhaust shops but have added ride control and brakes in recent years. (For a detailed examination of this market, see Ed Kaufman's piece in our September 1986 issue).

Barrett sees the specialty installer segment's growth at about 8% a year, or almost three times the pace of the brake



(Circle 9 on Product Information Card)

market as a whole. "The channel shift is similar to exhaust and ride control eight or ten years ago. Consumers want convenience and speed. So we have a natural in to the market through Speedy Muffler and Car-X shops. We've been servicing Speedy since May 1. We allow them to emphasize the retail side, while we assist with inventory control and buying."

The Brake-Pro program will have about 1,500 SKUs, which Barrett said will cover about 95% of the market. Brake-Pro will not get into manufacturing its own parts for the present. "We're still finding our sourcing base," Barrett said. "We need OE fit and function standards. Right now, we have ten sources, but I expect that to expand. We'll probably source a fair amount from overseas. Tenneco is active in Europe and the Far East. Maybe as much as half our sources will be overseas."

Although no one is looking beyond a solid program for Speedy and Car-X, Barrett did not rule that out. "If we are successful, the same program will make sense to other independent installers. There's no problem with our commitment. It only makes sense for us to become more knowledgeable. If we see the opportunity to expand vertically (into manufacturing) or horizontally (beyond Speedy and Car-X), we'll keep our ears, noses, and pulse to the ground."

At Allied, the news is not quite as dramatic as a new company, but it's just as important for Allied's Bendix brake business. About 70% of replacement brake shoes sold today are relined rather than new. Starting next month, Bendix will offer branded relined brake shoes for the first time.

"Before we sold friction material to rebuilders," Miskelley said, "but never offered our own line of relined shoes. Under our new concept, we'll offer both new and relined shoes at all levels of the market."

Miskelley feels that under Allied, Bendix is able to offer a much stronger package to retailers. "We have a national, uniform marketing program. At the retail level you can buy Bendix, Fram, and Autolite as a package. It's a one-buy buy. Retailers can combine shipments, volume discounts, co-op advertising, promotional funds, and centralized customer service."

There're about 175 SKUs in the line. "Look at the car/life cycle," Miskelley said. "Figure a 13-year cycle. The first two or three years, the owner only wants new shoes. In the middle years, he might go for relined, but older cars are definitely all relined. Obviously, we're going to protect our accounts from too many numbers. A retailer can get good coverage with 25-30 numbers and maybe ten more in disc pads. We haven't yet put together a planogram."

Bendix has selected ten rebuilders as sources for Bendix relined brake shoes. The rebuilders will reline to Bendix standards. The line will carry a three-year, 36,000 mile warranty. ■

INTRODUCING A BANNER RETAIL PROGRAM FOR HEATER & AIR CONDITIONING PARTS

AUTOTEMP™

Finally! A retail line of quality heater and air conditioning parts that gives you what you need.
- Complete line coverage for domestic and imports
- UPC-coded packaging
- Eye-catching, retail packaging
- 95% order-fill
- OE look and fit for easy installation

Call (312) 677-4600 today for complete details. AutoTemp, 8324 N. Skokie Blvd., Skokie, IL 60077

INTRODUCING A BANNER RETAIL PROGRAM FOR POWER STEERING PARTS

AUTOPOWER™

At last! A retail line of quality power steering parts that gives you what you need.
- Complete line coverage for domestic and imports
- OE look and fit for easy installation
- Illustrated installation instructions
- 95% order-fill
- UPC-coded packaging
- Eye-catching, retail packaging

Call (312) 677-4600 today for complete details. AutoPower, 8324 N. Skokie Blvd., Skokie, IL 60077

(Circle 10 on Product Information Card)

New Cars Slow Demand For Replacement Parts

The physical demand for automotive replacement parts will decrease by 2% when the totals for 1986 are all in, according to Automotive Consulting Services (ACS) Ltd., a service of Easton Consultants Inc., Hopkinton, MA.

ACS cites strong new car sales as the "root cause" of the decrease. ACS bases its projection on its own REAL Aftermarket Demand Index which tracks trends in aftermarket physical demand.

"This prediction of slowed physical demand represents a continuation of the sluggishness the aftermarket has experienced since demand peaked in 1984," said Henry P. Allessio, a partner in ACS.

MARKET LINE

"The periods of 1977-78 and 1985-86, with peak new car sales, experienced the start of generally soft demand; 1981-82 had slow new car sales but carried with it a resurgence of aftermarket demand which continued through 1984."

Gregory Macosko, a partner in ACS, explains that the ACS index includes the expanding number of units of cars in operation (UIO), units increasing in average age. But older cars do not necessarily translate to replacement part demand. "It is the mix of vehicles by age that is important. Newer cars do not consume a high proportion of replacement parts, nor do cars older than 10 years. The latter category is the fastest growing segment of the car population," he said.

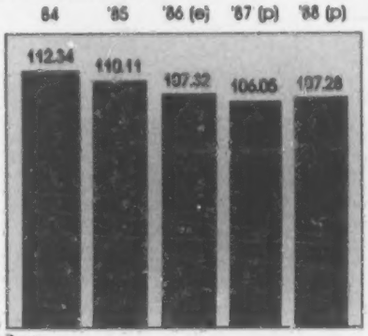
While other analysts predict a replacement parts demand turnaround in 1987, ACS suggests that the turnaround will happen in 1988, according to Allessio. ACS projects UIO growth of about 1.4% per year between 1986 and 1988, but the age mix, particularly in younger cars, will not shift to the higher parts consuming years until 1988.

"In the future, physical demand per car will slowly decrease, and overall aftermarket demand cycles may become somewhat more volatile as new cars entering the market probably will have lower per unit parts demand than the preceding car models," Allessio states.

The parts demand tracked by ACS does not include model mix change among cars; it represents constant consumption rates, according to ACS. This index includes only passenger cars. ■

PHYSICAL DEMAND OF REPLACEMENT PARTS

Since the peak year of 1984, the physical demand for replacement parts in the aftermarket has declined. In this chart, with an index base of 100, 1984 is the peak year for replacement parts demand with a rating of 112.34. In 1987, the trend is expected to bottom-out with a rating of 106.05. A a slight increase is expected in 1988.



P = projected
E = estimated

Source: Automotive Consulting Services (ACS) Ltd.

YOU CAN FIND MADISON AVENUE ON THIRD AVENUE.

National advertising clients are coming to Third Avenue in Hickory, North Carolina, because Shepler & Company is in Hickory, North Carolina!

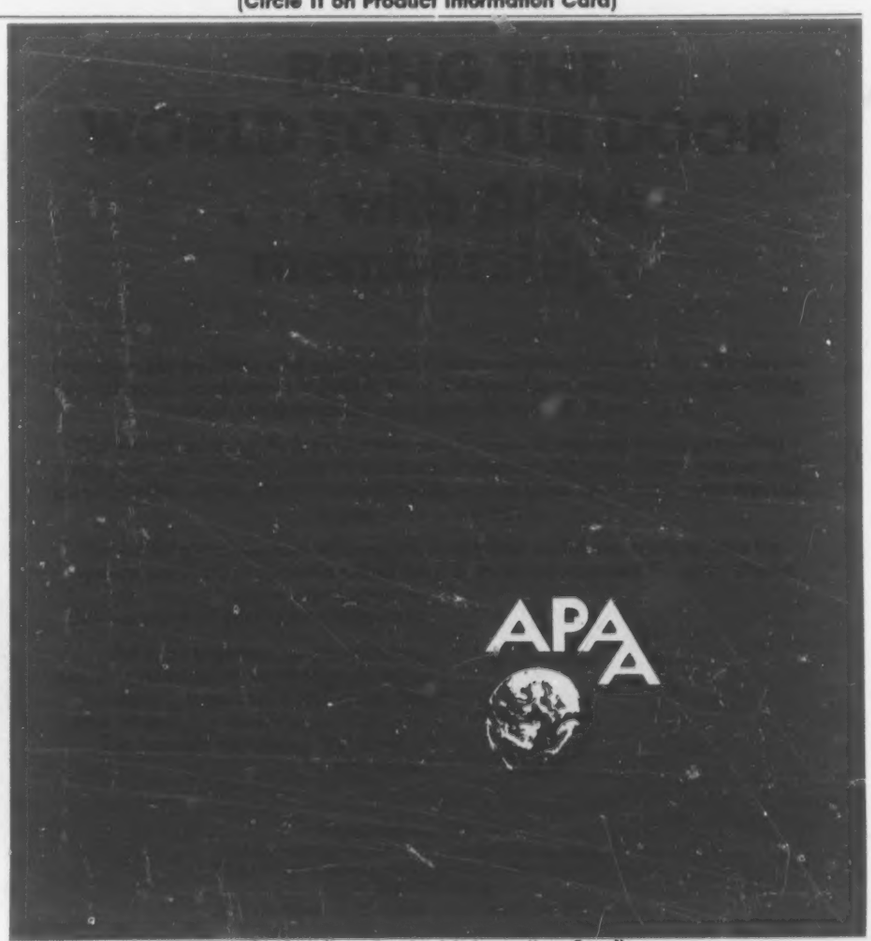
Shepler & Company is a full-service advertising agency, creating effective advertising, merchandising, sales promotion and public relations programs. Programs that increase share-of-mind and bottom line. Programs that sell!

Call us. As our clients have discovered, working with Shepler & Company is as easy as finding us: we're at the corner of Third and Third!

Shepler & Company

PO Box 2923 Hickory, NC 28603-2923
(704) 322-5807

(Circle 11 on Product Information Card)



(Circle 12 on Product Information Card)